

**REPORT OF THE AUDIT OF THE
MONROE COUNTY
CLERK**

**For The Year Ended
December 31, 2001**



EDWARD B. HATCHETT, JR.
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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Russell Young, Monroe County Judge/Executive

Honorable Teresa Sheffield, Monroe County Clerk

Members of the Monroe County Fiscal Court

The enclosed report prepared by Carpenter, Mountjoy & Bressler, PSC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the County Clerk of Monroe County, Kentucky, for the year ended December 31, 2001.

We engaged Carpenter, Mountjoy & Bressler, PSC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Carpenter, Mountjoy & Bressler, PSC, evaluated the Monroe County Clerk's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Enclosure



EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE MONROE COUNTY CLERK

Calendar Year 2001

Carpenter, Mountjoy & Bressler, PSC has completed the Monroe County Clerk's audit for calendar year 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees increased by \$3,259 from the prior calendar year, resulting in excess fees of \$38,247 as of December 31, 2001. Revenues decreased by \$29,766 from the prior year and disbursements decreased by \$33,025.

Deposits:

The Clerk's deposits were insured and collateralized by bank securities or bonds.

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Carpenter, Mountjoy & Bressler

Certified Public Accountants and Consultants

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Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Monroe County Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2001, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Russell Young, Monroe County Judge/Executive
Honorable Teresa Sheffield, Monroe County Clerk
Members of the Monroe County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated July 30, 2002, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carpenter, Mountjoy & Bressler, PSC".

Carpenter, Mountjoy & Bressler, PSC
Frankfort, Kentucky

Audit fieldwork completed -
July 30, 2002

MONROE COUNTY
TERESA SHEFFIELD, COUNTY CLERK
STATEMENTS OF RECEIPTS, DISBURSEMENTS AND EXCESS FEES

Calendar Year 2001

Receipts

State Fees For Services	\$	4,668
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Fiscal Court		3,004
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	273,310
Usage Tax		524,170
Tangible Personal Property Tax		602,723
Notary Fees		6,868
Lien Release Fees		2,347
Miscellaneous Income		820

Licenses-

Fish and Game		5,854
Marriage		3,830
Occupational		382
Going Out of Business		50

Deed Transfer Tax		13,746
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Delinquent Tax	26,698	1,460,798
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Fees Collected for Services:

Recordings-

Bail Bonds	\$	651
Deeds, Easements, and Contracts		7,238
Real Estate Mortgages		13,316
Chattel Mortgages and Financing Statements		35,002
Fixture Filing		255
Leases		182
Liens and Lis Pendens		1,242
Releases		4,987
Wills and Estate Settlements		378
Powers of Attorney		1,075
All Other Recordings		2,592

Charges for Other Services-

Candidate Filing Fees	\$	1,870
Copywork		2,478
Postage		160
Refunds		5,598

77,024

MONROE COUNTY
 TERESA SHEFFIELD, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2001
 (Continued)

Receipts (Continued)

Other:

Miscellaneous		\$	40
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Interest Earned			<u>1,925</u>
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Total Receipts		\$	1,547,459
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Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	208,987	
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Usage Tax		510,675	
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Tangible Personal Property Tax		205,269	
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Licenses, Taxes, and Fees-

Fish and Game		5,658	
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Delinquent Tax		3,325	
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Legal Process Tax		10,200	
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Candidate Filing Fees		<u>1,140</u>	\$ 945,254
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Payments to Fiscal Court:

Tangible Personal Property Tax	\$	42,228	
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Delinquent Tax		2,614	
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Deed Transfer Tax		13,058	
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Occupational Licenses		<u>324</u>	58,224
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Payments to Other Districts:

Tangible Personal Property Tax	\$	330,871	
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Delinquent Tax		<u>13,612</u>	344,483
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Payments to Sheriff			608
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Payments to County Attorney			4,201
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MONROE COUNTY
 TERESA SHEFFIELD, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2001
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:

Personnel Services-		
Deputies' Salaries	\$	73,743
Contracted Services-		
Indexing and Microfilming		288
Printing and Binding		1,966
Materials and Supplies-		
Office Supplies		254
Other Charges-		
Bank Service Charges		41
Dues		770
Postage		2,980
Refunds		7,729
Travel Expenses		3,036
		<u>3,036</u>
	\$	<u>90,807</u>
Total Disbursements		<u>\$ 1,443,577</u>
Net Receipts		\$ 103,882
Less:		
Statutory Maximum	\$	59,846
County Clerk's Training Incentive		<u>2,189</u>
		<u>62,035</u>
Excess Fees		\$ 41,847
Less: Expense Allowance		<u>3,600</u>
Excess Fees Due County for Calendar Year 2001		\$ 38,247
Payment to County Treasurer - April 17, 2002		<u>38,247</u>
Balance Due at Completion of Audit		<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December, 31 2001, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of The Financial Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Monroe County Clerk for the year ended December 31, 2001, and have issued our report thereon dated July 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Monroe County Clerk's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Monroe County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

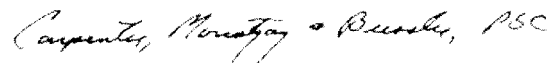
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carpenter, Mountjoy & Bressler, PSC".

Carpenter, Mountjoy & Bressler, PSC
Frankfort, Kentucky

Audit fieldwork completed -
July 30, 2002

